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TAGS: [PREL](#) [SNAR](#) [PGOV](#) [CI](#)  
SUBJECT: ALARM BELLS RING IN CHILE OVER EPHEDRINE LINKED TO  
MEXICAN TRAFFICKERS

11. This is an action request. Please see paragraph 11.

12. (SBU) SUMMARY: Alarmed by recent events that culminated with the March 23 seizure of 1100 kgs of ephedrine linked to Mexico, the GOC is taking steps to strengthen precursor chemical controls. Ephedrine-based drugs now require a doctor's prescription, and imports of pure quantities of ephedrine and pseudo-ephedrine will soon be limited to four national pharmaceutical laboratories. Chile's National Drug Control Council, CONACE, has also requested an additional 40 regulators to conduct chemical inspections and is supporting draft legislation to strengthen Chile's drug laws. Chile's pro-active approach is limited by the country's inexperience in dealing with chemical precursors and a lack of training. Post requests \$25,000 to provide specialized training for new CONACE inspectors. END SUMMARY

EVENTS CULMINATE WITH MASSIVE 1100 KG EPHEDRINE SEIZURE  
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13. (SBU) Events began on December 31, 2008 when officials in Mexico City confiscated 100 kgs of ephedrine that originated in Santiago. Prior to shipment, Chile's Investigative Police (PDI) was contacted by a DHL official who thought the package was suspicious. The PDI examined the shipment and permitted it to continue because they had neither the field test kits nor a trained canine to identify ephedrine.

14. (SBU) Following the seizure in Mexico City, the PDI and Embassy Santiago's DEA office began investigating the Chileans tied to the shipment. This investigation led to additional ephedrine seizures of 100 kgs on March 9 at the Santiago International Airport and 122 kgs in Mexico City on March 11. These actions yielded more information about the individuals and businesses involved.

15. (SBU) The three month investigation culminated in the March 23 seizure of 1100 kgs of ephedrine in Santiago and the arrest of six Chileans. The six suspects are currently being held without bail and could face up to 15 years in prison. DEA estimates the value of the seized ephedrine in Mexico at U.S. \$13 million; if processed into methamphetamines in crystalline form, the estimated value rises to U.S. \$19 million.

PUBLIC RESPONSE DOES NOT REFLECT PRIVATE WORRIES  
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16. (SBU) Publicly, the 1100 kg seizure generated headlines in print and TV media and led to conflicting GOC messages about Chile's role in the international drug market. While praising the work of the PDI, Undersecretary of Interior

Patricio Rosende and PDI Director General Arturo Herrera denied that Chile was a transit country for narcotics. (COMMENT: This is in stark contrast to previous government statements and the 2008 INCSR report, and likely reflects GOC fears that the opposition could use the recent seizures to underscore allegations that the Bachelet administration has failed to tackle crime. END COMMENT)

¶17. (SBU) Privately, officials from the public prosecutor's office (Ministerio Publico - MP) contacted Embassy Santiago's DEA office to solicit help on the case. The lead prosecutor told the DEA Asst. Attache that Chile had never seen a case of this magnitude and had almost no experience prosecuting complex, precursor chemical cases involving ephedrine and its use in the production of methamphetamines. DEA provided immediate support, including information about chemical precursors, the production and distribution of methamphetamines, and the market value of ephedrine in Mexico. The MP successfully used this information during the arraignment hearings for the six arrested Chileans. The MP has requested additional DEA assistance, specifically asking for help coordinating with Mexican counterparts and pursuing possible money laundering and asset seizure investigations tied to the case.

#### PRESCRIPTIONS, IMPORT CONTROLS, AND INSPECTIONS INCREASED

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¶18. (SBU) In light of these seizures, the GOC is taking steps to strengthen ephedrine and pseudo-ephedrine controls. CONACE, the Ministry of Health, and the Institute of Public Health (ISP) amended regulations to require prescriptions for consumers who want to purchase ephedrine and pseudo-ephedrine

drugs. Imports of pure quantities of ephedrine and pseudo-ephedrine will be limited to four national laboratories that are managed by the ISP, preventing small, independent drug laboratories from obtaining these products. These measures will reduce imports and increase oversight of ephedrine and pseudo-ephedrine in Chile.

¶19. (SBU) CONACE is also supporting draft legislation in Congress that will enhance Chile's drug laws and has requested additional resources to monitor chemical precursors. The draft legislation would expand CONACE's oversight to include companies that "commercialize or transport" chemical precursors, adding laboratories, pharmacies, hardware stores, and logistics companies to the list of entities that must register with CONACE. Under the current law, chemical producers are the only companies monitored by CONACE. There are currently five regulators responsible for conducting nationwide inspections, and CONACE wants to hire approximately 40 additional personnel to increase the number and frequency of inspections.

#### COMMENT

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¶10. (SBU) While there are no reports of methamphetamines in crystalline form in Chile, the size of the ephedrine seizures and the connection to Mexico have forced the GOC to re-examine the issue of chemical precursors. The GOC is taking its emerging precursor problem seriously and has developed a multi-pronged approach to tackle the issue. Requiring prescriptions for ephedrine and pseudo-ephedrine medications, increased oversight of ephedrine and pseudo-ephedrine imports, new legislation expanding the government's ability to regulate businesses that handle chemicals, and hiring additional inspectors are all steps in the right direction. However, Chile has little experience dealing with chemical precursor regulations, investigations and prosecutions. While Santiago's DEA Office has provided outstanding support, their efforts are largely operational. Post's INL budget -- \$94,000 in FY08 designated for interdiction and judicial reform and no funding in FY09 -- does not allow for any support to Chile's nascent precursor control efforts. END COMMENT.

ACTION REQUEST

¶11. (SBU) Cognizant of INL budgetary constraints, Post believes that a small amount of funding could play a critical role in supporting Chile's efforts to combat precursor trafficking, and requests \$25,000 for specialized training for the 40 new inspectors to be hired by CONACE.  
SIMONS